Message Text

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11

ACTION NEA-12

INFO OCT-01 ADP-00 OMB-01 IO-12 AID-20 IGA-02 MC-02 ACDA-19

CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-14 USIA-12 T-03 EUR-25 GAC-01

EB-11 COME-00 AGR-20 RSR-01 /194 W 098349

R 170800 Z MAR 73
FM AMCONSUL BOMBAY
TO AMEMBASSY NEW DELHI
INFO SECSTATE WASHDC 3694 X
AMCONUL MADRAS
AMCONSUL CALCUTTA

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C O R R E C T E D C O P Y PARA 2 LINE FOUR PARA FOUR B LINE EIGHT PARA FOUR C LINE ONE PARA 4 C LINE TEN PARA FIVE LINE SEVEN

E. O. 11652 GDS TAGS: PARM

SUBJECT: MILITARY SALES TO PAKISTAN: BOMBAY REACTION

- 1. SUMMARY: OUR INITIAL REACTION OF SITUATION IS THAT WE CAN LIKELY RIDE THIS STORM OUT WITHOUT MAJOR SET BACK, OUR DESIRE IMPROVE RELATIONS WITH INDIA.
- 2. THUS FAR REACTION BOMBAY AND REGION TO EXTENT WE ABLE SAMPLE HAS RANGED FROM SHARPLY CRITICAL (AS REFLECTED SOUNDINGS TAKEN WITH BOTH CONGRESS AND OPPOSITION MLA'S) TO DISAPPOINTMENT AND DISTRESS ON PART OUR FRIENDS WITH US TIES AND INTERESTS. OUR DECISION EASE EMBARGO ON MILITARY SALES PAKISTAN/INDIA, HAS BEEN GENERALLY VIEWED HERE AS LIKELY MAKE PAKISTAN IS MORE INTRANSIGENT IN ARRIVING AT INDO- PAK RAPPROCHMENT AND AS ENCOURAGING AND ASSISTING PAKISTANI MILITARY BUILD- UP WHICH CONFIDENTIAL

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IN THEIR VIEW WILL INEVITABLY POSE SECURITY THREAT TO INDIA. IN CONTEXT POSSIBLE IRANIAN AND CHINESE SUPPORT. AS IN 1971, DISTINCTION DRAWN BETWEEN LETHAL AND NON- LETHAL END ITEMS IN THEIR VIEW AS A DISTICTION WITHOUT MEANING AND THEY SEE IN THIS MORE CONFIRMATION THEIR CONCERN USG STILL SIDING WITH PAKISTAN AGAINST INDIA.

3. DESPITE FOREGOING AND PREDICTABLE REACTION, INTERESTING POINT IS THAT UNLIKE UNIFORMLY CRITICAL EMOTIONAL REACTION 1971 REACTION THUS FAR CURRENT MOVE HAS BEEN FAR MORE MUTED AND CAUTIOUS AS

REFLECTED IN EDITORIAL REACTION AND COMMENTS MADE TO US THAN WE MIGHT HAVE SUPPOSED. BOTH THE ENGLISH LANGUAGE DAILIES AS WELL AS VERNACULAR PRESS WHILE UNIFORMLY CRITICAL HAVE INJECTED NOTE OF CAUTION INTO DIALOGUE URGING THAT INDIA NOT OVER- REACT AND THAT USG DECISION NOT PROMPT GOI MOVE CLOSER USSR.

- 4. WE ATTRIBUTE LOW- KEY REACTION THUS FAR TO FOLLOWING FACTORS:
- A) AMBASSADOR'S COMMENTS PRESS FOLLOWING HIS MEETING WITH PM. PRESS COVERAGE ACCORDED THEM SUGGESTING CORDIAL UNDERSTANDING TONE OF MEETING APPEARS TO HAVE HELPED CAP MORE EMOTIONAL OUTBURSTS. IMPLICIIT IN THIS IS SUGGESTION AS WELL THAT PM HAS DECIDED TO PLAY THIS ONE IN LOW- KEY AND NOT OVER- REACT HAS NOT BEEN LOST HERE ON THOSE SECTORS TRADITIONALLY TAKING THEIR CUE FROM HER. IMPORTANCE ATTACHED TO AMBASSADOR'S APPOINTMENT AS REPRESENTING TANGIABLE EXPRESSION PRESIDENT'S DESIRE FOR BETTER RELATIONS INDIA UNIFORMLY HELD HERE AND IMPORTANT ELEMENT IS THIS SITUATION.
- B) ANNOUNCEMENT OF LIFTING OF SUSPENSION \$87.6 MILLION NON-PROJECT AID ITEM, WHILE DESCRIBED AS A "SOP" AND WHICH BROKE BEFORE EASING OF EMBARGO ON MILITARY SALES FULLY DIGESTED, HAS HELPED

THROW MORE CRITICAL ELEMENTS HERE OFF- BALANCE AND TAKEN SOME OF THE STING OUT IN SECTORS NORMALLY MORE FRIENDLY TO US.

(RANGNEKAR'S MARCH 17 EDITORIAL IN MARCH 17 ISSUE ECONOMIC TIMES "US AID LOLLIPOP" SUGGESTS GOI REJECT AID, WE SHALL BE TALKING TO HIM ABOUT THIS) FACT IS THAT INDIA NEEDS THIS AID AND ECONOMIC PRESSURES ARE MOUNTING AND "SELF- SUFFICIENCY" HAS BECOME A LONGER- RANGED GOAL RATHER THAN

AN IMMEDIATE REALITY IN THINKING OF BUSINESS COMMUNITY HERE

:) ONE IMPORTANT REASON FOR DIFFERENCE BETWEEN 1971 AND PRESENT IS THAT ADVOCATES OF NORMALIZATION IN RECENT MONTHS HAVE URGED CONFIDENTIAL

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THIS MORE FOR PRAGMATIC REASONS THAN EMOTIONAL SENTIMENTAL AND OTHER GROUNDS (SHARING DEMOCRACTIC IDEALS. ETC..) THIS PRAGMATISM IN OUR VIEW DERIVES FROM FOLLOWING: INDIA HAS HAD TO LOOK TO US FOR FOOD GRAINS IN RECENT PAST AND IF MONSOON BAD IT MAY HAVE TO LOOK FOR SUBSTANTIAL ASSISTANCE. AS ECONOMIC PRESSURES ON LOWER INCOME STRATA STEADILY MOUNT " SELF SUFFICIENCY" BECOMES MORE EPHEMERAL AND SUGGESTS TO BUSINESSMEN AT LEAST THAT INDIA PERHAPS NEEDS THE US MORE THAN THE US NEEDS INDIA. SECONDLY A BETTER RELATIONSHIP WITH US IS NEEDED TO OFF- SET INDIAN' S GROWING TIES WITH USSR WHICH GOING LITTLE TOO FAR FOR MANY MORE CONSERVATIVE ELEMENTS IN CONGRESS AND BUSINESS, AGRICULTURAL WORLD. THIS ONE FACTOR CONTRIBUTING TO MAJOR CONGRESS DEFEAT IN RECENT BOMBAY MUNICIPAL ELECTION ALTHOUGH MOUNTING ECONOMIC PRESSURES GENERALLY CONSIDERED PRIMARY ONE. THERE IS NO DOUBT AS WELL THAT INDIAN PUBLIC REMAINS GENERALLY WELL DISPOSED TOWARDS US BUT THIS LESS RELEVANT FACTOR AND ONE UNLIKELY ENTER SIGNIFICANTLY INTO DECISION- MAKING PROCESS.

5. BELIEVE SAME PRAGMATISM THAT HAS GONE INTO ADVACACY NORMALIZATION

INDO- US RELATIONS RECENT MONTHS WAS LIKELY CONTINUE PERTAIN AND IF ANYTHING INCREASE IN CALIDITY AS PM'S VULNERABILITY INCREASING ECONOMIC PRESSURES CONTINUE MOUNT AND SHE INCREASINGLY FEELS MORE CONSERVATIVE BACKLASH IN REGARD TO FURTHER MOVES TOWARD USSR AND INTRODUCTION STATE CONTROLS ON BALANCE AND WITH CAVEAT BASIS ASSESSMENT ADMITTEDLY LIMITED, OUR INITIAL READING SITUATION HERE SUGGESTS THAT WE MAY BE ABLE TO RIDE THIS ONE OUT WITHOUT MAJOR SET- BACK OUR DESIRE IMPROVE RELATIONS.

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